

S
553.28
Oirp
1970

STATE DOCUMENTS

JUL 12 1971

ANNUAL REPORT

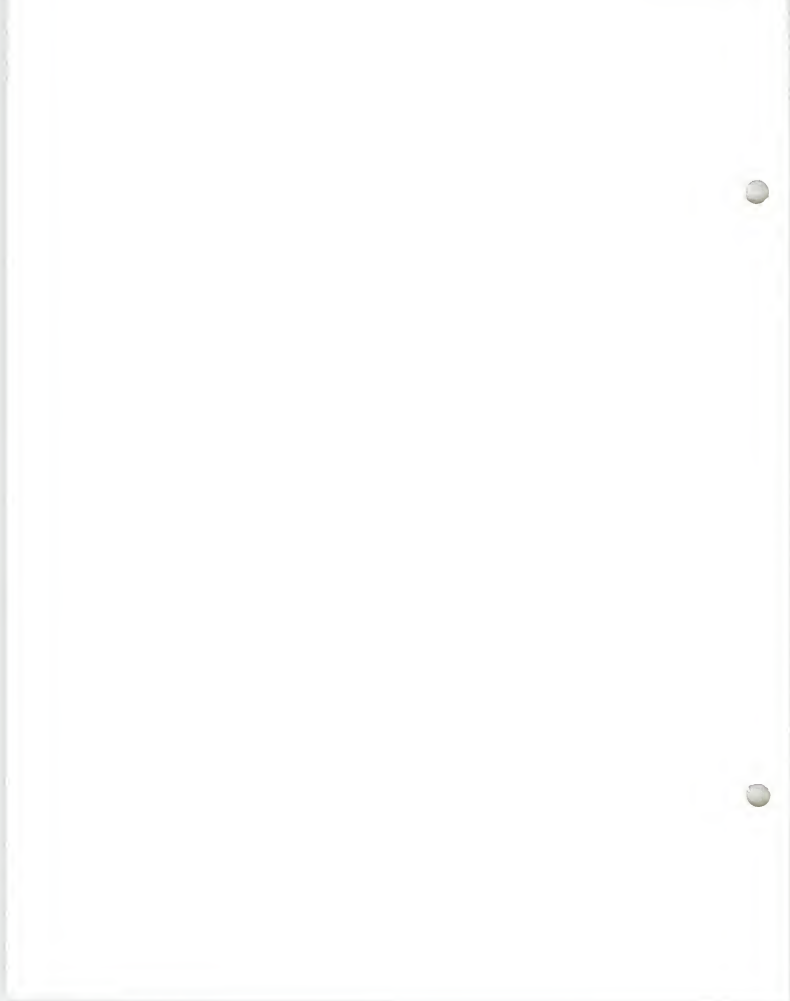
OIL AND GAS CONSERVATION COMMISSION

FISCAL YEAR ENDED JUNE 30, 1970

A N N U A L R E P O R T
of the
OIL AND GAS CONSERVATION COMMISSION

to the
GOVERNOR OF MONTANA
HONORABLE FORREST H. ANDERSON

for the
FISCAL YEAR ENDED
June 30, 1970



STATE OF MONTANA

ADMINISTRATORS

NORMAN J. BEAUDRY, EXEC. SECY.
P. O. BOX 217
HELENA, MONTANA 59601

DONALD A. GARRITY, ATTORNEY
422 NINTH PARK AVENUE
HELENA, MONTANA 59601

JUDSON D. SWEET,
PETROLEUM ENGINEER
15 POLY DRIVE
BILLINGS, MONTANA 59101

HERBERT D. HADLEY, GEOLOGIST
11 POLY DRIVE
HELENA, MONTANA 59101



OIL AND GAS CONSERVATION COMMISSION

325 FULLER AVENUE

BOX 217

HELENA, MONTANA 59601

COMMISSIONERS

WINSTON L. COX, CHAIRMAN
925 SECURITIES BLDG.
BILLINGS, MONTANA 59101

ALLEN ZIMMERMAN, VICE CHAIRMAN
P. O. BOX 277
POPLAR, MONTANA 59255

E. G. BALSAM
2300 PEARL
MILES CITY, MONTANA 59301

L. V. HARRIS
HORSKY BLOCK BLDG.
HELENA, MONTANA 59601

C. J. IVERSON
WHITLASH, MONTANA 59545

July 31, 1970

The Honorable Forrest H. Anderson
Governor
State of Montana
Helena, Montana 59601

Dear Governor Anderson:

In accordance with the requirements of Section 82-4002, R.C.M. 1947, there is herewith transmitted to you the report of the Oil and Gas Conservation Commission covering the fiscal year ended June 30, 1970.

During the past fiscal year the Commission held thirty-two hearings of which one hearing was initiated on motion of the Commission, and thirty-one were petitions received from firms and individuals. Three administrative orders were issued permitting without hearing, disposal of salt and brackish water.

There were 640 wells completed during this period, of which 96 were completed as oil wells, 64 as gas wells and 480 were dry and abandoned.

Respectfully submitted,

Norman J. Beaudry
Executive Secretary



TABLE OF CONTENTS

	<u>Page</u>
Principal Offices and Officers	1
<u>General Review:</u>	
Legal References	2
Principal Goals	3
Program Inventory and Cost Summary	4
Major Accomplishments	5
Major Recommendations	6
<u>Detailed Review:</u>	
Analysis of Program	7
Services Provided; Objectives; Target Groups; Achievements; Cost and Performance Summary	
Financial Statement	8



PRINCIPAL OFFICES AND OFFICERS

OIL AND GAS CONSERVATION COMMISSION

Officer	Term of Office	Home Address
Allen Zimmerman, Chairman	4/1/66 to 4/1/71	P. O. Box 277 Poplar, Montana
L. V. Harris, Vice Chairman	For an unexpired term 4/1/67 to 4/1/72	1800 - 9th Avenue Helena, Montana
E. G. Balsam, Commissioner	4/1/68 to 4/1/73	2300 Pearl Miles City, Montana
C. J. Iverson, Commissioner	For an unexpired term 4/1/69 to 4/1/74	Whitlash, Montana
Winston L. Cox, Commissioner	4/1/70 to 4/1/75	2512 Raymond Place Billings, Montana

Principal Administrative Officers

Norman J. Beaudry	Executive Secretary
Judson D. Sweet	Petroleum Engineer
Herbert D. Hadley	Geologist

Principal Office

325 Fuller Avenue, Helena, Montana 59601



LEGAL REFERENCES

Section 60-124 through 60-148 Revised Codes of Montana 1971,
as amended.



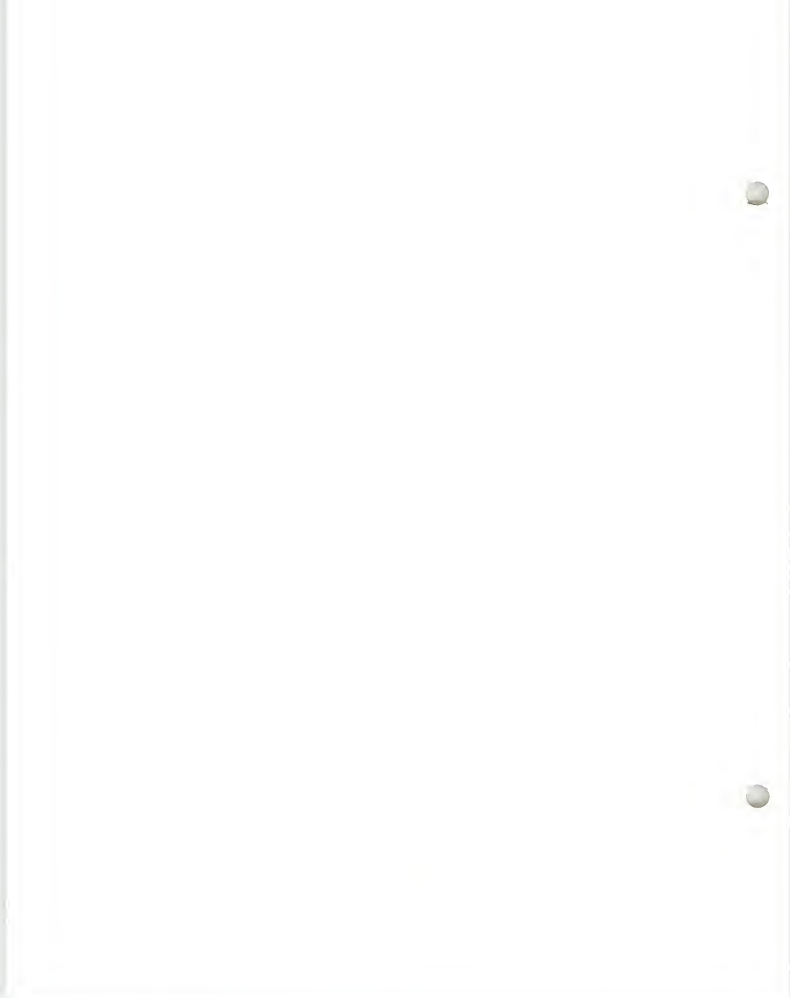
PRINCIPAL GOALS

The Oil and Gas Conservation Commission's primary function is to regulate the production of oil and gas in Montana in such a manner as to result in a minimum of waste and a maximum of utilization of these valuable natural resources.



PROGRAM INVENTORY AND COST SUMMARY

<u>Program</u>	<u>Cost</u> <u>1969-70 F.Y.</u>
Regulation of Drilling and Production	<u>\$237,577</u>



MAJOR ACCOMPLISHMENTS

REGULATION OF DRILLING AND PRODUCTION PROGRAM

MICROFILM During the 1969-70 fiscal year, all well records and well logs were placed on microfilm and the program implemented for public use. The system has been readily accepted by industry and is considered a major improvement in our service to the public.

SECONDARY RECOVERY The first segment of the giant Bell Creek field was unitized through the joint efforts of the Commission, U.S.G.S. and industry. Water injection will commence in mid-1970, and increased production is expected by early 1971.

DEVELOPMENT Increased interest in drilling for gas in Montana is evidenced by redelineation of the huge Tiger Ridge field near Havre, Montana. With approval of Canadian and Federal agencies of gas contracts, gas production should improve considerably in the near future.

RULES AND REGULATIONS A major revision in the General Rules and Regulations was made during the year. The rules as now written should better serve industry and facilitate handling of some applications that formerly required public hearings.



MAJOR RECOMMENDATIONS

PROGRAM: Regulation of Drilling and Production

REQUIRED IMPLEMENTATION ACTION: Executive

PRIORITY RATING: 1

CATEGORY: Increasing existing service

Recommendation. Our microfilmed well and log data has been readily accepted by industry as a major improvement in the services offered by the Commission. To complete this service an additional \$6,000 should be appropriated so that the production data would also be made available on microfilm to the industry and interested persons.

Discussion. These facilities permit evaluation of records in much less time than previously. Hopefully our microfilm system will result in more widespread study of Montana's oil and gas resources and ultimately lead to increased drilling activity and oil production, which in turn, of course, will result in more income and a better economy for the State.



ANALYSIS OF PROGRAM

REGULATION OF DRILLING AND PRODUCTION

SERVICES PROVIDED Oil field supervision, well inspections, pollution safeguards, engineering studies, a core depository for study, as well as logs, well records and production data, are some of the services provided for the oil industry. The Commission also publishes an Annual Review, Valuation Report, and a monthly Statistical Bulletin that are mailed to all operators and interested persons.

OBJECTIVES This Commission's objectives are to regulate the drilling and producing of oil and gas wells to provide the maximum benefit of these natural resources with as little waste as possible, to investigate all oil and gas spills and to see that they are handled promptly and efficiently to keep pollution to a minimum.

TARGET GROUPS Our services are provided to the oil and gas industry and owners of oil and gas lease lands in Montana to provide the best possible conservation of these natural resources for the citizens of Montana.

ACHIEVEMENTS The unitization and waterflood in the Bell Creek field was put into operation during July, 1970, after concerted efforts between the Commission, U. S. Geological Survey and industry. The entire unitization process from the first engineering studies to final approval by the Commission was completed in less than eighteen months, which, in itself, is a major accomplishment.

The microfilmed records provide better service to the oil industry and the public.

Through our field inspectors, a total of over 2000 well locations were inspected and approved during this fiscal year.

COST AND PERFORMANCE SUMMARY The following data is presented in summary form. Additional supporting data is available upon request.

	Fiscal Years		
	<u>1967-68</u>	<u>1968-69</u>	<u>1969-70</u>
Cost	\$185,479	\$216,456	\$237,577
Performance:			
New wells completed	727	776	640
Oil production (barrels)	41,586,769	47,569,361	40,912,301
Gas production (M.C.F.)	31,081,253	36,579,097	38,371,503



FINANCIAL STATEMENT

July 1, 1969 to June 30, 1970

PROGRAM: REGULATION OF DRILLING AND PRODUCTION

Fund Balance on Hand--July 1, 1969 \$ 64,240.86

Revenue:

Natural Gas Production Tax	\$ 3,576.88	
Crude Oil Production Tax	189,008.54	
Well Drilling Permit Fees	48,400.00	
Interest on Investment	10,060.71	
Fees Collected for Copies of Transcripts, Logs, etc.	479.70	
Miscellaneous Income	<u>1,226.00</u>	<u>252,751.83</u>

Total Funds Available \$316,992.69

Expenditures:

Personal Services	\$154,435.50	
Operations	73,012.37	
Capital	<u>10,128.75</u>	<u>237,576.62</u>

\$ 79,416.07

Transferred Out by Disposition:

Repayment of loan--General Fund	<u>25,000.00</u>
---------------------------------	------------------

Fund Balance on Hand--June 30, 1970 \$ 54,416.07

SOURCE OF FUNDING:

Oil and Gas Conservation Commission Dedicated Fund No. 221900	<u>\$237,576.62</u>
--	---------------------

